

U.S.C. 276a—276a-5), and contracts involving their employment shall be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333). (If CDBG funds are used to finance certain costs for projects of 8 or more units, these labor standards may apply (see 24 CFR 570.603).) If a project is subject to Federal labor standards requirements, individuals are not permitted to perform work thereon which is covered by such requirements without compensation in accordance with such requirements, except that persons who own a project in their own name may personally perform uncompensated work on their own projects. Grantees, State recipients, owners, contractors and subcontractors shall comply with applicable implementing regulations in 29 CFR parts 1, 3, and 5.

(b) *Environment and historic preservation.* Section 104(g) of the Housing and Community Development Act of 1974 and 24 CFR part 58, which prescribe procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4361), and the additional laws and authorities listed at 24 CFR 58.5.

(c) *Pet ownership in housing for the elderly or handicapped.* The provisions of 24 CFR part 243 apply to any project assisted under this part for which preference in tenant selection is given for all units in the project to elderly or handicapped persons or elderly or handicapped families, as defined in 24 CFR 812.2.

(d) *Flood insurance.* (1) Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), a grantee may not approve the commitment of rental rehabilitation grant amounts to a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

(i) The community in which the area is situated is participating in the National Flood Insurance Program (see 44 CFR parts 59 through 79), or less than a year has passed since FEMA notification regarding such hazards; and

(ii) Flood insurance is obtained as a condition of approval of the commitment.

(2) Grantees with projects located in an area identified by FEMA as having special flood hazards are responsible for assuring that flood insurance under the National Flood Insurance Program is obtained and maintained.

(3) This paragraph § 511.16(g) does not apply in the case of allocations administered by a State under § 511.51(a).

(Approved by the Office of Management and Budget under control number 2506-0080)

[55 FR 20050, May 14, 1990, as amended at 61 FR 5208, Feb. 9, 1996]

### Subpart C [Reserved]

### Subpart D—Allocation Formula and Reallocations

#### §§ 511.30—511.31 [Reserved]

#### § 511.33 Deobligation of rental rehabilitation grant amounts.

(a) Before deobligating grant amounts, HUD will consult with the affected grantee and take into account factors such as timing of the grantee's program year; the timing of State distributions to State recipients, if applicable; the timing of expected project approvals for projects in the grantee's pipeline; climatic or other considerations affecting rehabilitation work schedules; and other relevant considerations. In addition to any remedial deobligation under § 511.82, HUD may deobligate any rental rehabilitation grant amounts that are not:

(1) Committed to specific local projects within 3 years of the date of obligation of the grant under § 511.21(d) (4 years in the case of a State that distributes rental rehabilitation grant amounts to State recipients); or

(2) Expended for eligible costs within 5 years of such date of obligation (6 years in the case of a State that distributes rental rehabilitation grant amounts to State recipients).

(b) After such consultation, the HUD field office may direct the grantee to proceed with program closeout and may deobligate remaining unexpended grant amounts if the field office determines that any uncommitted funds will not be committed within a reasonable time, only small amounts of funds remain unexpended, or completion of

uncompleted projects appears infeasible within a reasonable time. None of the time periods referred to in this section are extended by any suspensions of project set-ups or other remedial action imposed by HUD under this part.

[61 FR 7062, Feb. 23, 1996]

#### § 511.34 [Reserved]

### Subpart E [Reserved]

### Subpart F—State Program

#### § 511.50 State election to administer a rental rehabilitation program.

(a) State allocations may be used to carry out eligible rehabilitation activities in accordance with the requirements of this part in units of general local government that do not receive allocations under subpart D and in cities and urban counties whose allocations are below the minimum amount specified in § 511.31, but may not be used in areas that are eligible for assistance under title V of the Housing Act of 1949, except as specified in paragraph (b) of this section.

(b) For Fiscal Years 1988 through 1991, uncommitted prior year funds may be used by State grantees, by units of general local government receiving funds from State grantees and by units of general local government participating in a HUD-administered State Program in areas eligible for assistance under title V of the Housing Act of 1949. This authority to enter into commitments with owners for projects in title V-eligible areas expires on September 30, 1991.

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#### § 511.51 State-administered program.

(a) *Type of program.* A State may, in its discretion, use all or part of its rental rehabilitation grant amounts either:

(1) To carry out its own Rental Rehabilitation Program without the active participation of units of general local government;

(2) To distribute grant amounts to State recipients which independently select, enter into commitments with owners for, and manage projects; or

(3) To carry out mixed programs in which both the State and all or some units of general local government each perform specified program functions.

(b) *Sharing grant amounts for administration.* In programs under paragraphs (a)(2) and (a)(3) of this section, a State must share its grant amounts which are available for administrative costs with units of general local government administering the program with the State, under a written agreement as required by § 511.71.

(c) *State Program requirements.* State grantees shall be responsible for administering their rental rehabilitation grant amounts in accordance with all requirements of this part and other applicable laws, notwithstanding their use of units of general local governments to perform program functions under paragraph (a)(2) or (a)(3) of this section. In addition, States that use units of general local government to perform program functions shall:

(1) Ensure that units of general local government carry out their Rental Rehabilitation Program in accordance with requirements of this part and other applicable laws. States shall include in their agreements with their units of general local government such additional provisions as may be appropriate to ensure such compliance and to enable the State to carry out its responsibilities under this part, including the withdrawal and reallocation of rental rehabilitation grant amounts based on unit of general local government noncompliance (including State recipient failure to meet the schedule submitted by the State under § 511.20(b)(8)); and

(2) Conduct such reviews and audits of their units of general local government as may be appropriate to determine whether units of general local government, including State recipients, have carried out their programs in accordance with the requirements of this part, whether they have done so in a timely manner, and whether they